

1-1 By: Ellis S.B. No. 964  
1-2 (In the Senate - Filed February 19, 2009; March 9, 2009,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 March 26, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 26, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 964 By: Carona

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to requirements for insurers and insurance agents that  
1-11 sell Medicare-related products.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subtitle I, Title 8, Insurance Code, is amended  
1-14 by adding Chapter 1654 to read as follows:

1-15 CHAPTER 1654. REQUIREMENTS RELATING TO SALE OF CERTAIN  
1-16 MEDICARE-RELATED PRODUCTS

1-17 SUBCHAPTER A. GENERAL PROVISIONS

1-18 Sec. 1654.001. DEFINITIONS. In this chapter:

1-19 (1) "Medicare advantage plan" means a health benefit  
1-20 plan operated under the Medicare program as a managed care plan,  
1-21 special needs plan, or private fee-for-service plan.

1-22 (2) "Medicare program" means the federal health  
1-23 insurance program that is operated under the Health Insurance for  
1-24 the Aged Act (42 U.S.C. Section 1395 et seq.).

1-25 (3) "Medicare-related product" means a Medicare  
1-26 advantage plan, a Medicare supplement benefit plan, a Medicare  
1-27 prescription drug plan, or another health plan operated under the  
1-28 Medicare program, such as a Medicare cost plan or a Medicare  
1-29 demonstration plan.

1-30 (4) "Medicare supplement benefit plan" has the meaning  
1-31 assigned by Section 1652.002. The term includes a Medigap policy.

1-32 Sec. 1654.002. APPLICABILITY. This chapter applies only to  
1-33 insurers and insurance agents that solicit, negotiate, or sell  
1-34 Medicare-related products.

1-35 Sec. 1654.003. RULES. The commissioner shall adopt rules  
1-36 as necessary to implement this chapter.

1-37 [Sections 1654.004-1654.050 reserved for expansion]

1-38 SUBCHAPTER B. COMPENSATION RESTRICTIONS

1-39 Sec. 1654.051. COMPENSATION RESTRICTIONS. (a) An insurer  
1-40 may not pay or offer to pay to an insurance agent, and an insurance  
1-41 agent may not accept, a payment for Medicare-related products that  
1-42 operates as an incentive for sales behavior that may violate  
1-43 Chapter 541 or is otherwise false, deceptive, or misleading.

1-44 (b) The commissioner may order an insurer to change the  
1-45 insurer's Medicare-related agent commission payment schedules if  
1-46 the commissioner determines that the schedules operate as an  
1-47 incentive for sales behavior that may violate Chapter 541 or is  
1-48 otherwise false, deceptive, or misleading.

1-49 [Sections 1654.052-1654.100 reserved for expansion]

1-50 SUBCHAPTER C. AGENT REQUIREMENTS

1-51 Sec. 1654.101. AGENT EDUCATION REQUIREMENTS. (a) An  
1-52 insurance agent that intends to sell, solicit, or negotiate a  
1-53 contract for a Medicare-related product in this state or to  
1-54 represent an insurer in relation to such a product must submit  
1-55 evidence satisfactory to the department of completion of at least  
1-56 eight hours of professional training relating to Medicare-related  
1-57 products before selling, soliciting, or negotiating such a  
1-58 contract.

1-59 (b) The requirement imposed under Subsection (a) is in  
1-60 addition to any other education or training requirements imposed  
1-61 under this code and rules adopted under this code for issuance of a  
1-62 license.

1-63 Sec. 1654.102. CONTINUING EDUCATION. (a) Each agent

2-1 subject to this chapter must complete eight hours of continuing  
2-2 education annually that specifically relates to Medicare-related  
2-3 products.

2-4 (b) Each hour of education completed in accordance with  
2-5 Subsection (a) may be used to satisfy an hour of a continuing  
2-6 education requirement otherwise applicable to the agent under this  
2-7 title.

2-8 SECTION 2. The commissioner of insurance shall adopt rules  
2-9 as required by Chapter 1654, Insurance Code, as added by this Act,  
2-10 not later than December 1, 2009.

2-11 SECTION 3. Section 1654.102, Insurance Code, as added by  
2-12 this Act, applies to requirements for an insurance agent license  
2-13 issued or renewed on or after January 1, 2010.

2-14 SECTION 4. This Act takes effect September 1, 2009.

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